

MEETING MINUTES

FINANCE REVIEW TASK FORCE

MEETING #2

Development Services Building
San Tan Conference Room
22358 S. Ellsworth Road, Queen Creek, AZ
January 12, 2009
6:00 p.m. – 9:00 p.m.

In Attendance:

Committee Members

Carlos Acuna
Dru Alberti
Bob Brita
Kyle Robinson
Rustyn Sherer
Michael Shirley
David Weiss

Staff

Shane Dille
John Kross
Tracy Corman
Debbie Gomez
Troy White
Dick Schaner
Barbara Sena
Mike Pacelli
Yolanda Bracamonte
Lisa Padilla

Observers

Facilitation: Lance Decker, LL DECKER & ASSOCIATES, INC.
Minutes: Lois Reilly, LL DECKER & ASSOCIATES, INC.

MEETING SUMMARY

▲ LL DECKER & ASSOCIATES, INC.
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Introductory Remarks

Lance Decker welcomed participants and staff and reviewed meeting protocols and project meeting guidelines. Steve Sossaman, Task Force Chair, had a previous engagement, could not attend the meeting, and so Lance acted in this capacity.

Public Comment

Lance Decker asked if there were any members of the public present who wanted to address the Task Force regarding relevant topics that were not on the printed agenda. There were no members of the public present.

Items for Discussion

A. Consideration and possible approval of November 24, 2008 minutes

- ✓ A recommendation was made that the meeting summaries include only members and staff who are present. The motion was approved.

B. Review and follow-up of items from last meeting

John Kross, Town Manager, welcomed participants and staff. John was asked to review the mission of the task force. Specifically, John indicated that the direction from the Town Council is as follows:

- The Council's 5-Year Corporate Strategic Plan (2008-1013) states that the intent of the Task Force is to develop recommendations on how to fully fund the Transportation Improvement Program and the Parks, Trails and Open Space Plan.
- Everyone should have reviewed and be familiar with the five year Transportation Program and Parks Master Plan and present findings and recommendations.
- The Town Council wants this group to discuss scope and recommend how to implement, looking at the needs of the community in the next five to ten years.
- Importantly, since the Council did not direct the task force to recommend specific changes to either of these plans, the focus of the task force should be on broad-based policy matters concerning the plans, not to focus on specific amenities or segments of each. These plans were developed by other citizen groups and changes to the plans would require these groups to become involved.

Questions:

Q - Are the budgets we're reviewing for Transportation and Parks approved?

A - John replied that yes the budgets are approved but the Town Council is not looking for the Task Force to prioritize specific projects. .

Q - Are we seeking input to fund projects?

A – John responded that yes, the entire plans for each area, but not a project by project review. John states that the Town won't be able to implement all the things that they would like to deliver because of a state requirement for cities to live on a balanced budget. Revenues need to meet expenditures. The Town is looking for efficiencies and cost savings.

Q - Will we have to compromise?

A- John responded Yes. There will be very difficult choices on priorities for the community that the Council will be making. For Queen Creek we are essentially creating a new community from scratch with little to no infrastructure ever since the 1989 incorporation – doing this is very expensive. There is a lot of extensive work involved.

C. Discussion on Town's Transportation Plan including estimated capital costs

Before turning the meeting over to Dick Schaner, Lance Decker reminded everyone that Tracy gave them items to replace in their packets and they should do so before Dick begins his presentation.

Dick started his presentation highlighting what the Town has already funded (hard copy distributed). Note that on the Current Transportation & Drainage Projects page, the green letters indicate that MCDOT is building it, the specific intersection numbers are listed, the dashes separate the numbers. The following are key points in the presentation:

- ✓ We need access to the community Town Center.
- ✓ The Riggs Road widening project has been put on hold due to the significant cost.
- ✓ The construction costs on primitive areas are two million dollars per mile.
- ✓ We need to improve the main corridor to Town Center. The design is underway.
- ✓ The Queen Creek school district is still working with the state and will share the cost for a new high school, middle school, and bus facility.
- ✓ Regarding partnering with other governmental agencies like Maricopa County DOT the Townupfronts the money, essentially financing the project interest free for the County's share via an IGA inter-governmental agreements and commitments.
- ✓ The \$10M state loan the Town received for Ellsworth Road is to be paid three years out with zero interest rate.
- ✓ The intersection widening at Ellsworth & Empire (which we are partners with Pinal County) will be deleted by Pinal County if we don't receive any Federal stimulus money, according to Pinal County
- ✓ The philosophy of Maricopa County for road construction is that they do not believe in Bond financing for roads, buildings only.
- ✓ The future years of the CIP budget is a projection based on a snapshot in time.

Questions to Town Staff from the Task Force:

Q - Out of \$65 million, how much is coming out of the development fees?

A - Most of the sixty-five million dollars are Town dollars not development fees .

Q - Can development fees be expanded to be more than railroad crossings and bridges?

A - The development fee can also be used for equipment related to the transportation program.

Q - How do you get these figures? Is there bidding done to get true cost estimates?

A – The Town uses use engineers’ estimates. We look at the projects each year along with the unit prices and if the marketplace has changed we adjust the number.

Q – How do we get money to build capital improvements?

A – Program revenues are generated from construction sales taxes on everything in Town. Construction sales tax is based on where the project is built, not on where the material is purchased.

Q – Can we define which amounts are funded vs. unfunded?

A – As an action plan item, staff will provide this at a future meeting.

Q – Is the \$65 million needed for construction of transportation improvements budgeted in the five year plan?

A – Only some of the \$65 million shown on the map is actually funded in the current 5-year CIP. The term “budgeted” means that we have a funding source and we know where we’re going to get the money. However, with changes in revenue projections, especially in a down economy, staff will be recommending revisions to the 5-Year CIP.

Q - Lance asked what kind of information the Task Force members would like to be provided.

A – Consensus was they would like to have the data listed by project.

This data is available and is added to our Action Plan.

Q – What is the time frame for building the new Queen Creek High School and what’s the impact.

A – The timing has been delayed. At this time, we don’t know for how long. We anticipate that it’ll be at least five years until they turn dirt.

Q – In general, has traffic been reduced due to the economy?

A – No, the ratio is still there, with an estimated 75% being from Pinal County and 25% from Town traffic.

Additional comments from the group included:

- ✓ John Kross recommended that the Task Force work with the five-year plan and town staff can create a funded vs. unfunded map/list and then focus could be on the unfunded.
- ✓ Last year’s plan included bonds; the Town was advised not to use those bonds now due to the volatility in the market and changes to existing revenue streams.
 - A question surfaced pertaining to how does the Council arrive at prioritizing the existing 5-year CIP? Staff responded that
 - “A” List refers to Health and public commitment

- “B” List refers to Contractual
 - “C” List refers to Council goals
 - “D” List is for all others
- ✓ Look at the broader philosophy. We need to make money via sales tax; this means getting people in to spend sales tax dollars.
 - ✓ How do we get people who don’t live here to spend money in Queen Creek?
 - ✓ Be careful not to create an autobahn whereby high-speed corridors do not allow for people to actually stop and shop.

Task Force Member Dru Alberti asked about what the Town uses to determine revenue projections to establish the budget. John Kross responded that we use a various pieces of information including our own trend analysis based on monthly sales tax collections. We also use area economist projections, information from other cities and towns as well.

D. Discussion on Town’s current five year capital improvement plan for Transportation and Parks including list of unfunded projects

Barbara Sena presented the Town of Queen Creek CIP FY 2010-2014 Budget Assumptions (hard copy distributed). The following are key points in the presentation:

- ✓ The budget process includes five years in the funded picture.
- ✓ The five year budget includes unfunded projects.
- ✓ Only the capital for the next fiscal year can technically be approved by the Town Council as per state law.
- ✓ Budget projections for new homes have decreased which will affect the 2010 budget.

Questions from the Task Force.

Q - Do we have to have a balanced budget?

A – Yes. We are required to have a balanced budget by state law.

Q - Isn’t it the \$64 million number identified in the map the figure that we need to worry about?

A – Staff responded that mostly, but that list is not the entire list of community needs. That map with priority projects was shown at the request of the Council because those road projects lead to the Town Center shopping areas and can be economic corridors for the community.

Q – Could we have clarification on funded vs. unfunded

Q – Could we confirm that regarding the funding for the parks department, the funded is becoming unfunded due to the changing economy?

A - It depends on what was submitted for 2010 budget. The 2010 budget is just underway and staff will have a better idea of the final estimates in a few weeks.

Q - How do we know that it's not funded to completion?

A - Dick will clarify with an additional spreadsheet. This is added to our Action Plan and provided at a future meeting

Q - Because of the economy, what is in place for when revenues do not come in as planned? What happens to money when additional funds aren't provided? How do you arrive at the projections?

A - We use trends analysis and forecasting. John responds that total community need is at least \$250 million (new roads, widenings, intersections, drainage).

Q - Where is the data for funded new community parks?

A - Only one community park is actually shown as receiving partial funding within five years. This is due to lack of available funding. You won't find the other parks in the plan yet.

Comments

I'd like to know what my take-away is. We're not accountants. What value do I add? We need to identify the short term, long term, and immediate results.

E. Overview of Financial Review Task Force recommendations for 2004-2005 with their current status

Lance Decker mentioned to participants that John Kross was involved in the previous Task Force, and asked John to discuss what we might learn from the previous group.

John reviewed the 2004 Finance Review Task Force Recommendations – Status Update sheet (distributed).

Summary:

Four years ago the Mayor and Council appointed a Task Force very similar to this one. At that time, the Task Force was formed to evaluate the findings of a recently completed fiscal impact analysis model and determine financial impact on the Town's budget if the Town were to continue to build all the capital projects identified in the plan. The other primary goal of the Task Force at that time, was to find money for capital improvements including operation and maintenance funds. What we noticed at that time was that by the year 2007/2008 expenses began to outpace revenues. The fiscal impact study recommended several items for the Council to consider to correct that situation and the Task Force considered those recommendations as well as others. The Task Force was comprised of business people, bankers, residents and developers. The Fiscal Impact Analysis modeled three scenarios: a slow growth model of 750 new homes per year a moderate or average growth of 1000 and an aggressive growth pattern of 1500 per year. It's a much different time now with housing starts being way off those projections during this recession.

John reviewed the 16 recommendations made by the previous Task Force. The following questions came from the group:

Questions from the Task Force:

Q – Is ¼ of a percent what is meant when referencing a quarter percent?

A – Yes

Q – Can we leverage Gateway and ASU Polytechnic?

A – It's something to consider. ASU Polytechnic is in Mesa, but it's the front door to our community.

Q – Lance Decker asked the group, “What did John say that gives you a sense of where to go?”

A - We need to think outside the box.

Q – Are there any limits?

A – No, not at this time in the work of the Task Force. We can review the possible implementation of ideas later.

Q – Do we have a chart to show how much we are on target and how much we're off in sales tax and housing development fees?

A – This information was added to the Action Plan.

Recommendations / Ideas

- ✓ We need to reduce expenditures.
- ✓ We need to determine why people shop elsewhere.
- ✓ We need to determine why people leave Queen Creek.
- ✓ We need to leverage the uniqueness of Queen Creek, with places like Horseshoe Park.
- ✓ We would love car dealerships.
- ✓ We should look to start with business partnerships that can bring lots of revenue to the Town.
- ✓ We need to decide if we're going to become a destination kind of town or regional pass through.
- ✓ Is it possible to see and compare what other sales tax spreadsheets are showing in other communities such as Chandler, Mesa, and Tempe?
- ✓ Could we bring a lottery to town?
- ✓ Is it feasible to tax the broader population that use our roads for the cost of those roads, even if they don't live in Town? Do a motor-shed district that acts like a watershed district?
- ✓ We need business development to help with revenue, jobs, and growth.
- ✓ We need creative funding, an alternative to reduce refuse programs.
- ✓ We need to consider using green technology to support long-term sustainability.
- ✓ Can we privatize recreational needs by forming partnerships with groups like the YMCA (to reduce aquatic needs)?

Lance Decker stated that we're through the presentation part of the program and asked if there are any additional questions we need to answer for the next meeting.

Q – Do we have any stimulus package opportunities?

Q – Have we lost opportunities for revenues?

Q – Are we looking at economic development for Town Center and are we maximizing available sites with revenue producing business?

Q - With foreclosures, packages to save neighborhoods and changes due to Obama taking office, could we get into property management to create a revenue source for these plans?

Q – Do we have an opportunity for volunteers to be a real asset for the community?

Q – Can we receive monies, government funding for green buildings?

PLANNING FOR ACTION

ACTION PLAN		
What needs to be done?	Who is responsible?	When will it be complete?
Prepare, review and distribute the meeting notes.	Lance Decker	1/16/09
Prepare a revised budget spreadsheet to reflect the funded vs. unfunded projects over a five year period. Sort by project. Showing overlay of areas for annexation and the retail sales tax, housing and revenue budget metrics.	Town Staff	2/2/09
Information on comparative sales tax	Town Staff	2/2/09
Presentation for stimulus package opportunities	Town Staff	2/2/09
Economic development assessment, tax leakage, projections, and legal opportunities	Town Staff	2/2/09
Selection of vice chair – add to next agenda		February 9, 2009
Create a published agenda and a more specific working agenda.		2/2/09

Announcements

Lance stated that February 9th would be our next meeting and asked participants if the three hour meeting format was comfortable for them, or was it was too long. All agree it was fine.

A meeting assessment was completed. Participants stated that the group needed to stay more on task and be more specific next time. It was recommended that we have a published agenda and a working agenda in order to stay more focused. This item was added to our Action Plan.

Adjournment

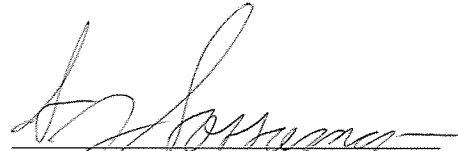
Adjournment

Lance and Shane thanked all for attending the meeting and ask for a motion to adjourn the meeting. Meeting adjourned.

Respectfully submitted,

Lois Reilly
LL DECKER & ASSOCIATES, INC.

Meeting notes approved on February 9, 2009


Steve Sossaman, Chairman